



National Finance Center Customer Notification

Date of Notification: December 6, 2010

Subject: Puerto Rico Withholding Taxes

Database/Customer(s) Affected: Customers With Employees In Puerto Rico

Dear Customer:

On October 28, 2010, the Secretary of the Treasury of Puerto Rico issued Administrative Determination (No. 10-09) in response to proposed Tax Reform legislation that was introduced by the Governor of Puerto Rico. The Governor's proposed Tax Reform grants tax benefits to all taxpayers who earned wages from January 1, 2010 through December 31, 2010. Although the legislation has not yet passed, the Secretary of the Treasury is instructing employers that they are exempted from their obligation to withhold income taxes on wages paid during the month of December 2010.

The National Finance Center (NFC) is not able to suspend the Puerto Rico income tax withholding for December 2010 as the vendor that notifies NFC of such tax changes, ALLTAX, did not notify NFC in sufficient time for us to make and test the necessary program changes.

In addition, the Employee Personal Page application does not allow users to claim exempt on Puerto Rico withholding tax. Therefore, employees must contact their Servicing Personnel Office in order to adjust their Puerto Rico withholding for Pay Periods 24 and 25 by claiming no tax liability (ONL). Also, another Puerto Rico tax document must be processed to start the withholding again for PP26.

Employees that may have questions regarding this notification are asked to contact their Servicing Personnel Office. Authorized agency Points-of-Contact with questions are asked to contact NFC's Payroll/Personnel Call Center at 1-800-981-3026 or 1-504-426-6455 (Option 3 then Option 1).

JKC/M5-11-020/031

"Tip of the Week"

Agencies can request access to update and maintain Tables 001, 003, 005, 022, 063 and 105 in Table Management. To obtain TMGT table update access, the agency must request access through their agency's NFC security officer. Further details can be found in the NFC Bulletin, TMGT 08-01, dated June 16, 2008 on the NFC Homepage